from volunteering much-needed disclosures.

Third, it limits opportunities for frivolous or abusive lawsuits and makes it easier to impose sanctions on those lawyers who violate their basic professional ethics.

Fourth, it rationalizes the liability of deep-pocket defendants, while protecting the ability of small investors to fully collect all damages awarded them through a trial or settlement.

I would like to go into each of these provisions in more detail.

The legislation ensures that investors, not a few enterprising attorneys, decide whether to bring a case, whether to settle, and how much the lawyers should receive.

The bill strongly encourages the courts to appoint the investor with the greatest losses—usually an institutional investor like a pension fund—to be the lead plaintiff. This plaintiff would have the right to select the lawyer to pursue the case on behalf of the class.

So for the first time in a long time, plaintiffs' lawyers would have to answer to a real client. We are bringing an end to the days when a plaintiffs attorney can crow to Forbes magazine that ''I have the greatest practice of law in the world. I have no clients.''

The bill requires that notice of settlement agreements that are sent to investors clearly spell out important facts such as how much investors are getting—or giving up—by settling and how much their lawyers will receive in the settlement. This means that plaintiffs would be able to make an informed decision about whether the settlement is in their best interest—or in their lawyers' best interest.

And the bill would end the practice of the actual plaintiffs receiving, on average, only 6 to 14 cents for every dollar lost, while 33 cents of every settlement dollar goes to the plaintiffs' attorneys. This bill would require that the courts cap the award of lawyers fees based upon how much is recovered by the investors. Simply putting in a big bill will not guarantee the lawyers multimillion-dollar fees if their clients are not the primary beneficiaries of the settlement.

Taken together, these provisions should ensure that defrauded investors are not cheated a second time by a few unscrupulous lawyers who siphon huge fees right off the top of any settlement.

The bill mandates, for the first time in statute, that auditors detect and report fraud to the SEC, thus enhancing the reliability of independent audits. The bill maintains current standards of joint and several liability for those persons who knowingly engage in a fraudulent scheme, thus keeping a heavy financial penalty for those who would commit knowing securities fraud.

The bill restores the ability of the Securities and Exchange Commission to pursue those who aid and abet securities fraud, a power that was diminished by the Supreme Court in last year's Central Bank decision.

With regard to frivolous litigation, the bill clarifies current requirements that lawyers should have some facts to back up their assertion of securities fraud by adopting the reasonable standards established by the second circuit court of appeals. This legislation is therefore using a pleading standard that has been successfully tested in the real world; this is not some arbitrary standard pulled out of a hat.

The bill requires the courts, at settlement, to determine whether any attorney violated rule 11 of the Federal Rules of Civil Procedure, which prohibits lawyers from filing claims that they know to be frivolous. If a violation has occurred, the bill mandates that the court must levy sanctions against the offending attorney. Though the bill does not change existing standards of conduct, it does put some teeth into the enforcement of these standards.

The bill provides a moderate and thoughtful statutory safe harbor for predicative statements made by companies that are registered with the SEC. It provides no such safety for third parties like brokers, or in the case of merger offers, tenders, roll-ups, or the issuance of penny stocks. There are a number of other exceptions to the safe harbor as well. Importantly, anyone who deliberately makes false or misleading statements in a forecast is not protected by the safe harbor.

By adopting this provision, the Senate will encourage responsible corporations to make the kind of disclosures about projected activities that are currently missing in today's investment climate.

While almost everyone, including SEC chairman Arthur Levitt, recognizes the need to create a stronger safe harbor for forward-looking statements, this is clearly one of the most controversial parts of the bill.

I recognize the desire of my colleagues who have opposed this provision to clearly and firmly protect investors from fraudulent statements by corporate executives, and I am committed to maintaining the most balanced possible language on safe harbor as we enter into conference with the other body.

I would point out that the legislation preserves the rights of investors whose losses are 10 percent or more of their total net worth of $200,000. These small investors would still be able to hold all defendants responsible for paying off settlements, regardless of the relative guilt of each of the named parties.

And while the bill would fully protect small investors—so that they would recover all of the losses to which they are entitled—the bill establishes a proportional liability system to discourage the naming of deep-pocket defendants.

The court would be required to determine the relative liability of all the defendants, and thus deep-pocket defendants would only be liable to pay a settlement amount equal to their relative role in the alleged fraud. A defendant who was only 10 percent responsible for the fraudulent actions would only be required to pay 10 percent of the settlement amount. In some circumstances, the bill requires solvent defendants to pay 150 percent of their share of the damages, to help make up for any uncollectible amount. By creating a two-tiered system of both proportional liability and joint-and-several liability, the bill preserves the best features of both systems.

Mr. President, the legislation passed by the Senate today will keep the door to the courthouse wide open for those investors who legitimately believe that they are the victims of fraud, while slamming the door shut to those few entrepreneurial attorneys who file suit simply with the intent of enriching themselves through coercing settlements from as many defendants as possible.

It has become clear that today's securities litigation system has become a system in which merits and facts matter little, in which plaintiffs recover less than their attorneys, and in which defendants are named solely on the basis of the amount of their insurance coverage or the size of their wallet; in short, we have a system in which there is increasingly little integrity and confidence. Mr. President, such a system of litigation is rendered incapable of producing the confidence and integrity in our Nation's capital markets for which it was originally designed.

I am extremely pleased that this morning the Senate took the important step of repairing this ailing system by overwhelmingly passing the Securities Litigation Reform Act.

NATIONAL DAIRY MONTH

Mr. LEAHY. Mr. President, I want to bring to your attention that June is National Dairy Month.

Earlier this month I was in Vermont during the Enosburg Falls Dairy Festival in Franklin County, VT, home of some of the finest dairy farms and dairy products in America.

June 1, 1995, was Dairy Day in Montpelier, the State capital. There was a grand celebration with cows on the State house lawn and a milking contest. It was the first chance for Vermont's new agriculture commissioner, Leon Graves, a dairy farmer himself, to show his expertise. And while the celebration is light hearted and fun, there is a serious side to it.

In Vermont we stop and take the time to celebrate the importance of dairy farmers in our State and the importance of milk in our lives. In Vermont we pay tribute to the men and women of America who get up so early in the morning to milk the cows and bring us the safest, most wholesome supply of milk in all the world. I think

we should pay tribute here in Washington, too.

We should also remember how important dairy products are to American culture and to the diet of Americans.

Little League games just would not be the same without the promise of a trip to the drive-in for a cone after the game. The Indy 500 winner still drinks milk in victory lane and cookouts would not be the same without a sizzling burger topped by a slice of cheddar.

More important than the enjoyment we get from dairy products, is the nutrition we get from dairy products. There are some who try to hurt the image of milk and others who distort the truth about the nutritional value of milk, but the facts cannot be denied.

Milk is a nutrient dense food that is an important part of the American diet. Milk and dairy foods supply 75 percent of the calcium in the U.S. food supply as well as substantial amounts of riboflavin, protein, potassium, vitamin B 12, zinc, magnesium, and vitamins A and B 6. Some might argue that calcium can be gained through fortified foods or taking calcium supplements. While these alternatives can supply calcium, research has shown that people who have low calcium intakes also have low intakes of several other nutrients which can be supplied by dairy foods. A recent report from the National Institutes of Health recommends that ''the preferred source of calcium is through calcium rich foods such as dairy products.''

Adequate calcium intake is especially critical for young women. Building optimal bone mass before age 30 is one of the best ways to prevent osteoporosis later in life. Increasingly, we see young women failing to get the calcium they need. In addition, nutrients from dairy products are keys to preventing high blood pressure, which increases the risk of heart disease, stroke, and renal failure.

Many Americans are becoming more conscious about their diets. It is important that people not eliminate nutritious foods such as dairy foods from their diets as they attempt to reduce fat intake. A wide array of dairy foods come in low fat and nonfat versions, while delivering the same amount of nutrients. Research has shown that people can increase dairy food consumption to recommended levels without gaining weight or increasing blood cholesterol.

I will not talk about policy or politics today except to add we need to keep the importance of dairy products in mind as we consider changes to our nutrition programs. And we need to remember the hard working men and women who bring us nature's most perfect food as we craft our dairy policy this year during the farm bill.

I do not often rise to talk about commemorative days, weeks, or months. But I hope my colleagues will join with me in raising the awareness of Americans about good nutrition and expressing our appreciation to America's dairy farmers for their hard work.

ORDER OF PROCEDURE

Mr. GRASSLEY. Mr. President, I have some business to wrap up for this evening, and it has been cleared by the Democratic side of the aisle.

AUTHORIZING USE OF THE CAPITOL GROUNDS FOR THE GREATER WASHINGTON SOAP BOX DERBY

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of House Concurrent Resolution 38, just received from the House.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the concurrent resolution.

The bill clerk read as follows:

A concurrent resolution (H. Con. Res. 38) authorizing the use of the Capitol grounds for the greater Washington Soap Box Derby.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the concurrent resolution be considered and agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the resolution (H. Con. Res. 38) was agreed to.

ORDERS FOR THURSDAY, JUNE 29, 1995

Mr. GRASSLEY. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9 a.m. on Thursday, June 29, 1995; that following the prayer, the Journal of the proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and there then be a period for the transaction of morning business until the hour of 10:30 a.m., with Senators permitted to speak therein for up to 5 minutes each, with the following exceptions: Senator THOMAS, 30 minutes; Senator MURKOWSKI, 15 minutes; Senator DORGAN, 30 minutes; Senator FEINSTEIN, 15 minutes; further, that at the hour of 10:30 a.m., the Senate resume consideration of S. 343, the regulatory reform bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. I further ask unanimous consent that prior to the Senate recessing for Independence Day, that debate only be in order to S. 343, with the exception of the withdrawal of the committee amendments, and the majority leader offering a substitute amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. GRASSLEY. For the information of all Senators, the Senate will resume consideration of the regulatory reform bill tomorrow at 10:30 a.m., pending the arrival of the budget conference report from the House on which approximately 5 hours of debate remain.

Therefore, all Senators should expect rollcall votes during Thursday's session of the Senate.

RECESS UNTIL 9 A.M. TOMORROW

Mr. GRASSLEY. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in recession under the previous order.

There being no objection, the Senate, at 7:08 p.m., recessed until Thursday, June 29, 1995, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate June 28, 1995:

DEPARTMENT OF STATE

FRANCES D. COOK, OF FLORIDA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE SULTANATE OF OMAN.

J. STAPLETON ROY, OF PENNSYLVANIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF INDONESIA

THOMAS W. SIMONS, JR., OF THE DISTRICT OF COLUMBIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE ISLAMIC REPUBLIC OF PAKISTAN.

JOHN M. YATES, OF WASHINGTON, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF BENIN.

DEPARTMENT OF TRANSPORTATION

GEORGE D. MILIDRAG, OF MICHIGAN, TO BE A MEMBER OF THE ADVISORY BOARD OF THE SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION, VICE L. STEVEN REIMERS.

DEPARTMENT OF THE TREASURY

LAWRENCE H. SUMMERS, OF MASSACHUSETTS, TO BE DEPUTY SECRETARY OF THE TREASURY, VICE FRANK N. NEWMAN, RESIGNED.